

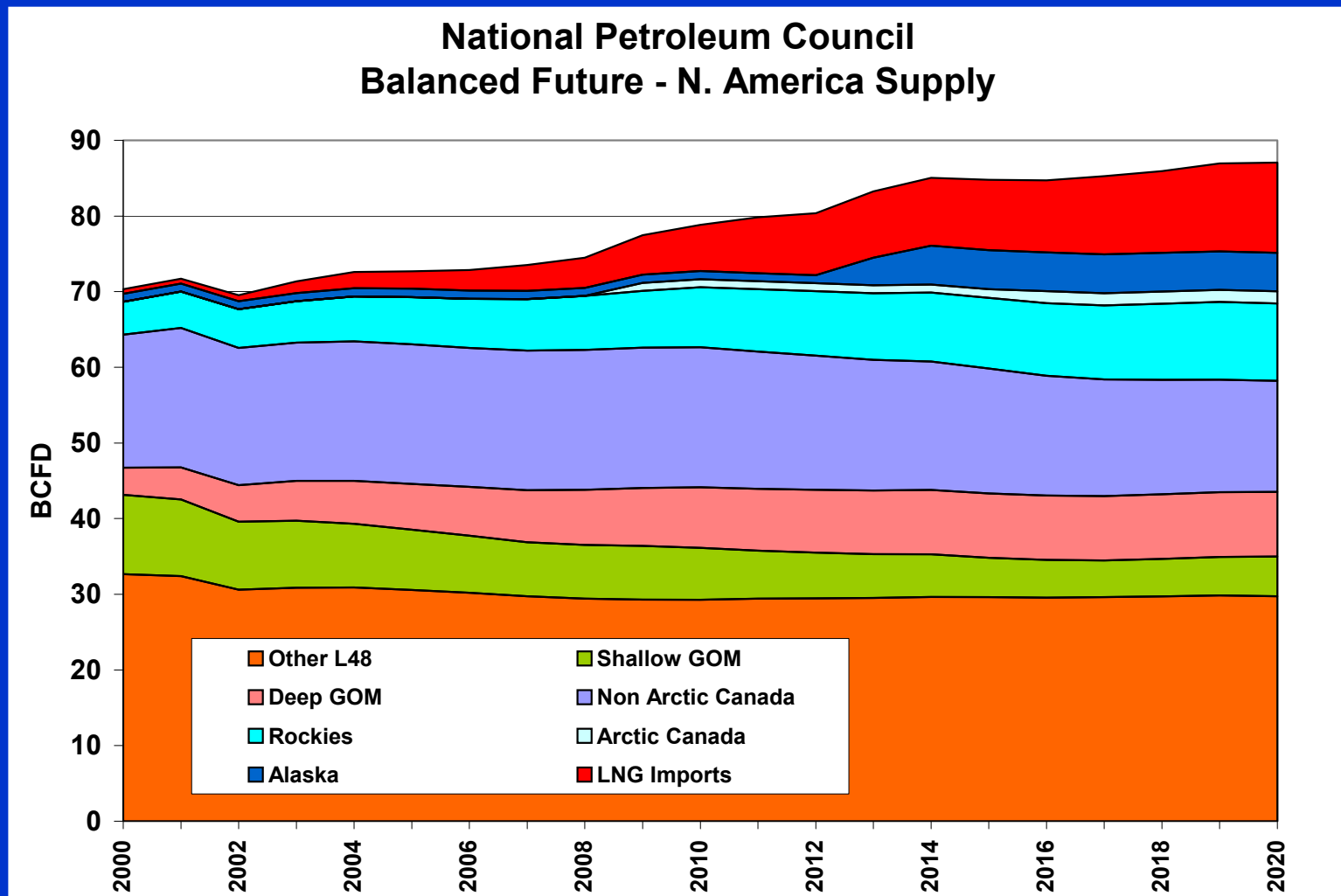
CEC CPUC Natural Gas Workshop

LNG's Role in Meeting California Gas Demand

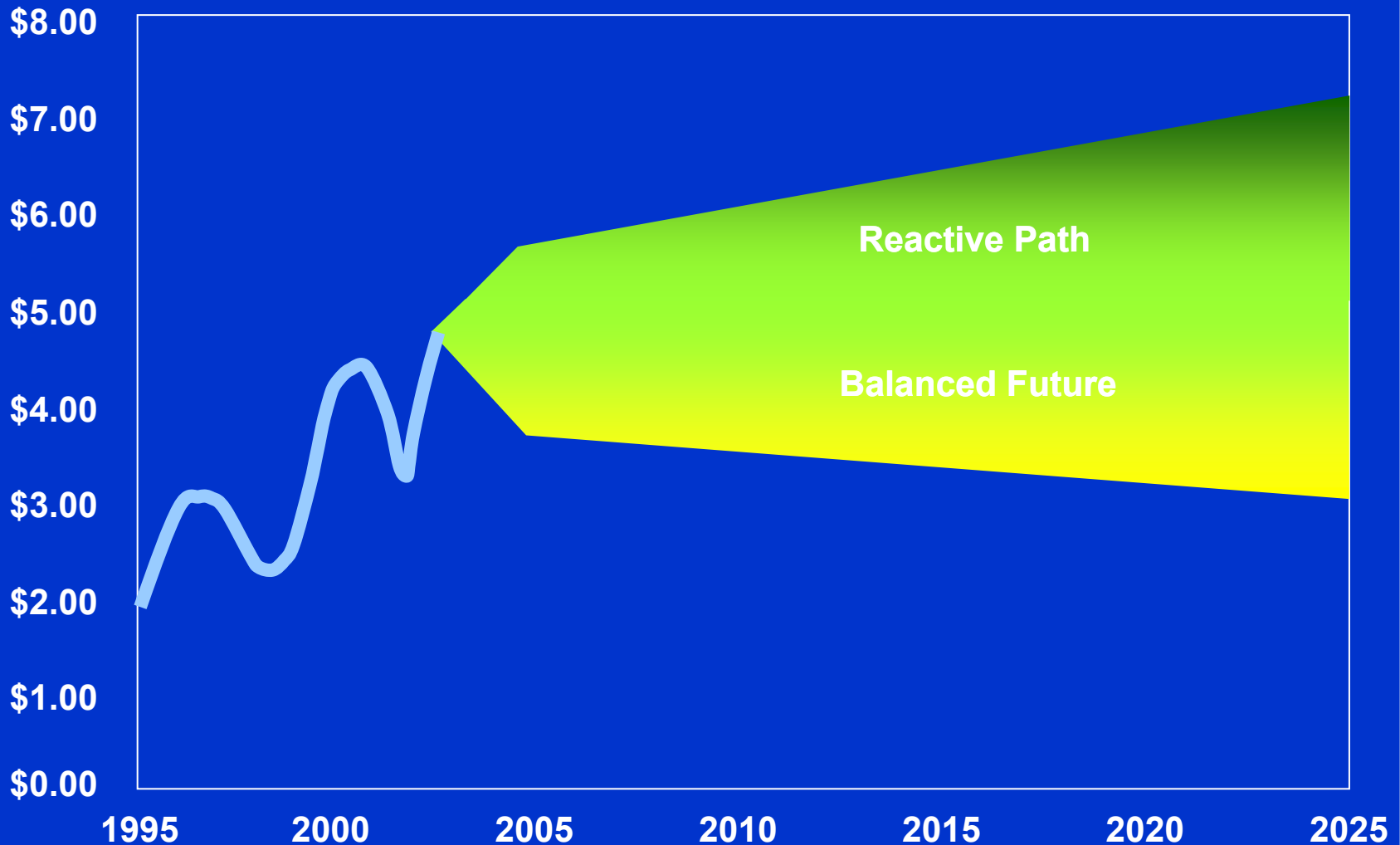
Michael Speltz

Manager – Gas Price Forecasting

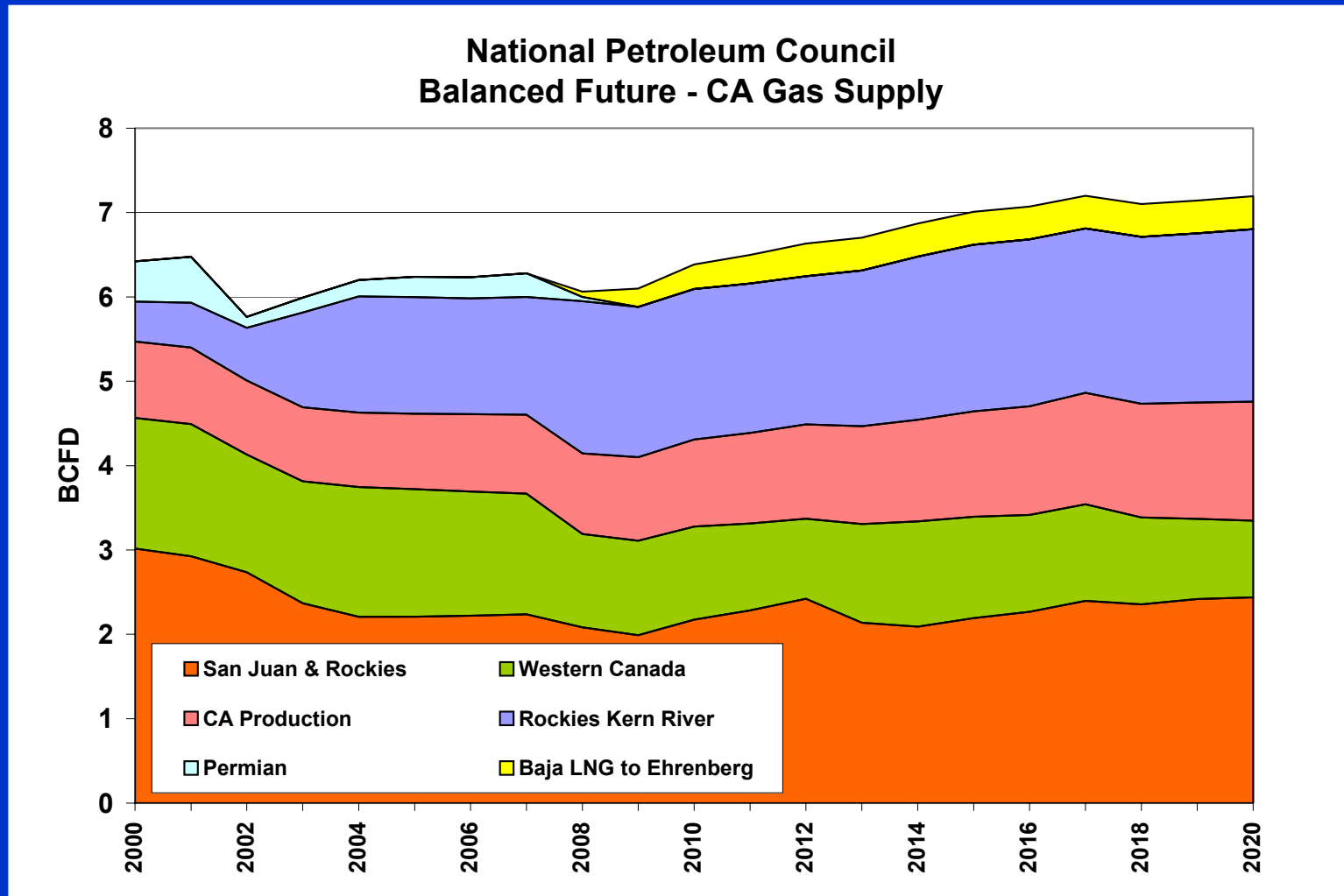
Traditional Supply Basins Cannot Meet Projected N. America Demand Growth



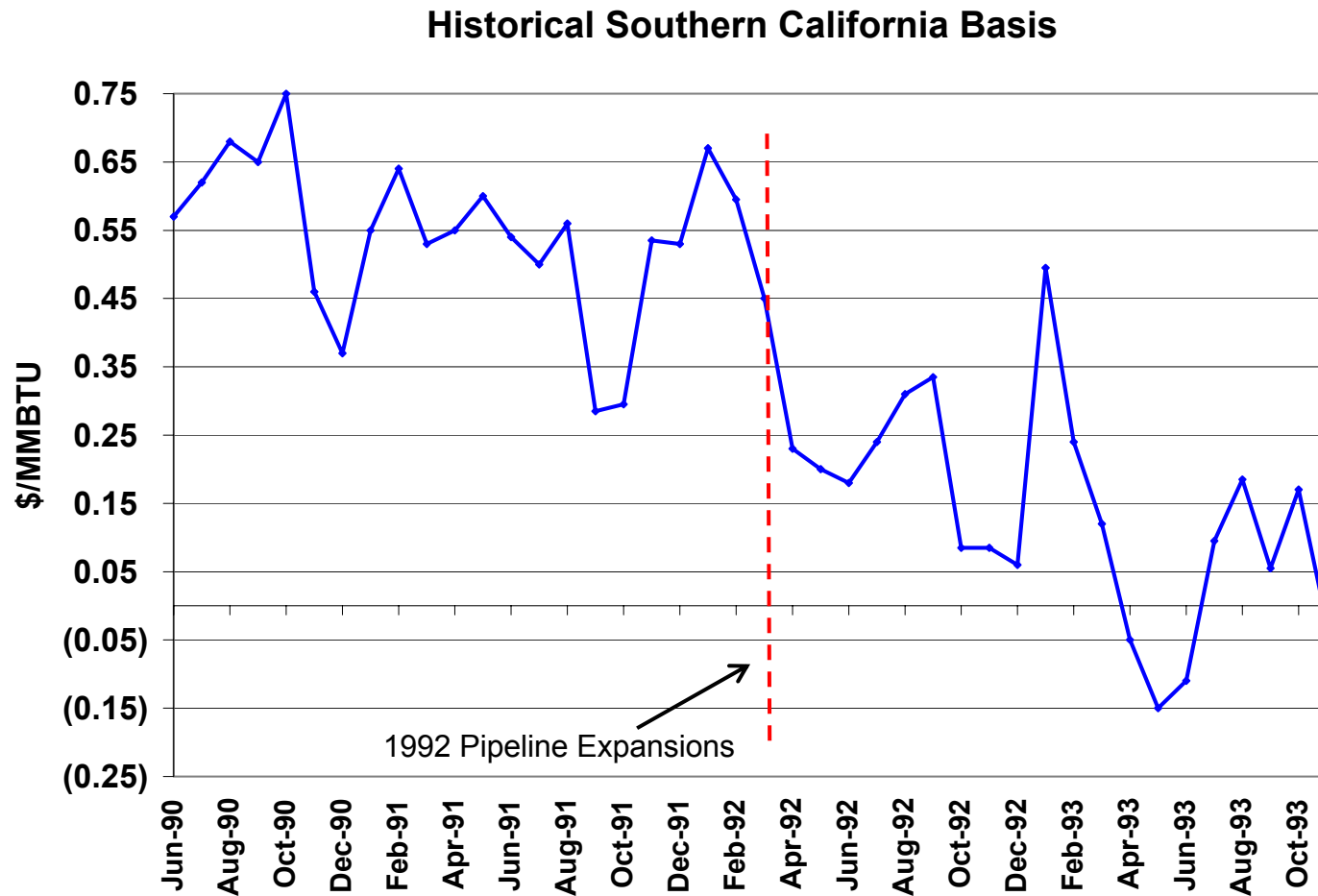
National Petroleum Council Study Projects Sustained Higher Prices



California is Heavily Dependent on Mature North America Supply Basins



Historically, Incremental Supply Has Reduced Price



Benefits of Direct LNG Imports to California

- Increase Supply Diversity
- Decrease Reliance on Mature Supply Basins
- Maximize California Market Price Impact and Benefits:
 - Price impact of any new supply is greatest at point of entry
 - Direct LNG imports place California first on the “LNG pipeline”

Development of LNG Terminals in California is Dependent Upon an Extremely Difficult Permitting Process